

12

Re: Ayal Rosenthal

Subject: Re: Ayal Rosenthal  
From: David Gordon <dgordon@stern.nyu.edu>  
Date: Tue, 13 Feb 2007 11:46:09 -0500  
To: kcorfman@stern.nyu.edu, Beth Rubin <beth.rubin@stern.nyu.edu>, david Gordon <dgordon@stern.nyu.edu>

This has been done, Beth.

Kim, I think it's important that the student be notified as soon as possible, seeing that he has already gotten several communications from the School confirming his graduation and informing him of commencement activities. As his record is now blocked, any inquiries concerning him will be handled under very restrictive procedures. Also, if he contacts us in the meantime, prior to his being notified of the School's action, who should he be referred to?

Thanks.  
David

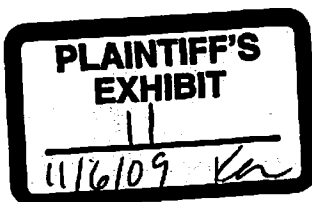
At 11:20 AM 2/13/2007, Beth Rubin wrote:

Hi David,  
As per Kim...

The faculty will vote next week whether or not to recommend (to the President and Board of Trustees) Ayal Rosenthal along with the January 2007 MBA degree candidates. Until further notice, please delete his graduation information from all systems (AIS and SIS).  
Make sure there is an information block on this records in AIS AND SIS and also halt the printing/mailing of his diploma, immediately.

Thanks, Beth

Kim,  
Will someone notify the student?  
Thanks,  
Beth



[Fwd: Fwd: January 2007 Graduation File: Ayal Rosenthal]

Subject: [Fwd: Fwd: January 2007 Graduation File: Ayal Rosenthal]

From: Kim Corfman <kcorfman@stern.nyu.edu>

Date: Tue, 13 Feb 2007 12:29:05 -0500

To: Thomas Cooley <tcooley@stern.nyu.edu>, Naomi Diamant <ndiamant@stern.nyu.edu>

Date: Tue, 13 Feb 2007 11:52:10 -0500

From: David Gordon <dgordon@stern.nyu.edu>

Subject: January 2007 Graduation File: Ayal Rosenthal

To: Addie Kong <addie.kong@stern.nyu.edu>, Angela Parks <aparks@stern.nyu.edu>

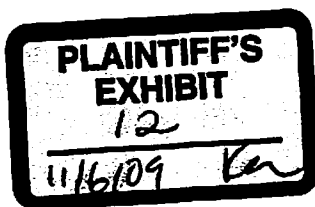
Cc: sarah.marchitto@stern.nyu.edu Beth Rubin <beth.rubin@stern.nyu.edu>, david Gordon <dgordon@stern.nyu.edu>

Hi Addie and Angela. Please remove Ayal Rosenthal from the alumni data-base as a January 2007 graduate until further notice.

Thank you.

David

--  
Kim P. Corfman  
Vice Dean for MBA Programs  
Professor of Marketing  
Stern School of Business, New York University  
Henry Kaufman Management Center, 11-56  
New York, NY 10012-1126  
212-998-0593, 212-995-4212 (fax)



Re: [Fwd: Re: Ayal Rosenthal]

Subject: Re: [Fwd: Re: Ayal Rosenthal]  
From: Beth Rubin <beth.rubin@stern.nyu.edu>  
Date: Tue, 13 Feb 2007 12:40:45 -0500  
To: kcorfman@stern.nyu.edu, Thomas Cooley <tcooley@stern.nyu.edu>  
CC: Beth Rubin <beth.rubin@stern.nyu.edu>, david Gordon <dgordon@stern.nyu.edu>

FYI-- Right now, we've placed a hold on his "directory" information. If inquiries are made, they will be told that a privacy hold has been placed on his record and NO information will be released. This is hold usually requested by the student.  
Beth

At 12:28 PM 2/13/2007 -0500, Kim Corfman wrote:  
Some questions we'll need to answer on which we should probably get advice from counsel:

What should we tell the student about his status, when should we do it, and from whom should the communication come? (He has already received several confirmations from Stern confirming his graduation and informing him about commencement activities.)  
What should we say if he contacts us before the faculty meeting?

What do we say if/when we get calls requesting directory information (i.e., information we are allowed under FERPA to give to anyone who asks and typically do), which includes degrees granted? I assume that at this point we simply say his degree has not been conferred.  
What should Public Affairs say if they are asked questions about him by the media?

At 11:20 AM 2/13/2007, Beth Rubin wrote:  
Hi David,  
As per Kim...

The faculty will vote next week whether or not to recommend (to the President and Board of Trustees) Ayal Rosenthal along with the January 2007 MBA degree candidates. Until further notice, please delete his graduation information from all systems (AIS and SIS).  
Make sure there is an information block on this records in AIS AND SIS and also halt the printing/mailing of his diploma, immediately.

Thanks, Beth

Kim,  
Will someone notify the student?  
Thanks,  
Beth

--  
Kim P. Corfman  
Vice Dean for MBA Programs  
Professor of Marketing  
Stern School of Business, New York University  
Henry Kaufman Management Center, 11-56  
New York, NY 10012-1126  
212-998-0593, 212-995-4212 (fax)

PLAINTIFF'S  
EXHIBIT

13

11/6/09 Km

13

Meeting of the Faculty  
Leonard N. Stern School of Business  
New York University

Thursday, February 22, 2007  
12:30 p.m.

Cantor Boardroom  
Henry Kaufman Management Center, 11<sup>th</sup> Floor

AGENDA

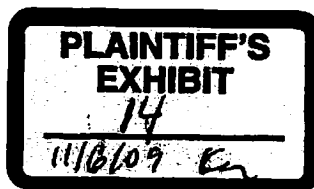
Approval of the minutes of the meeting of September 28, 2006

**Presentation of candidates for January graduation**

Normally this is a pro forma vote. Today, for the first time that I can recall in my career as a faculty member, I come to the faculty with a very strong recommendation to withhold approval on the candidacy of one particular MBA candidate:

- Candidate has completed course work
- Served as TA for Professional Responsibility class
- Has pled guilty to insider trading, together with his father and brother.
- His infractions took place at the time that he was serving as a Teaching Assistant for Professional Responsibility class.
- The conferring of the Stern MBA degree takes as implied basis that standards of professional ethics are a requirement for the degree.
- University Counsel advises:

C:\Documents and Settings\Admin User\Local Settings\Temporary Internet Files\OLK164\TC  
Expanded Agenda.doc



NYU001196

**MOTION TO DISQUALIFY AYAL ROSENTHAL FROM RECEIVING MBA DEGREE**

Professor Gary Simon	MBA
Professor Tom Pugel	Exec MBA TRIUM
Professor Ned Elton	Ph.D. MPhil.
Professor Stephen Brown	B.S.

**Promotions**

Al Lieberman	Marketing	Clinical Professor
JD Schramm	Management Communication	Clinical Associate Professor
Norman White	IOMS	Clinical Professor

**Faculty Hiring Update**

In progress. More to report at the May meeting.

**Faculty Achievements**

**NSF Faculty Early Career Development Awards to Anindya**

**Ghose and Panos Ipeiriotis** of the IOMS department.

\$500,000 each over five years.

- **Anindya's** research will identify and measure the economic value of online information and contribute to an understanding of the economic impact of new kinds of information content on the Internet.

14





HENRY KAUFMAN MANAGEMENT CENTER  
44 WEST FOURTH STREET, SUITE 11-55  
NEW YORK, NY 10012-1126  
212-998-0804  
FAX: 212-995-4212  
E-MAIL: lsproull@stern.nyu.edu

LEE S. SPROULL  
*Vice Dean of Faculty*  
*Leonard N. Stern Professor of Business*

February 28, 2007

Gary Fraser  
Dean of Students & Associate Dean, MBA Student Affairs  
NYU Stern School of Business  
Kaufman Management Center  
44 West 4<sup>th</sup> Street, Suite 6-129  
New York, NY 10012

Dear Gary:

On behalf of the faculty of the Leonard N. Stern School of Business, I write to file a complaint against AYAL ROSENTHAL, a part-time MBA student. Mr. Rosenthal completed the course work for the MBA degree as of January 2007. However, we believe that he was in serious violation of the NYU Stern MBA Code of Conduct and the NYU Code of Ethical Conduct in actions he took while a matriculated student at Stern.

On Friday, February 9, 2007, Mr. Rosenthal pleaded guilty to conspiracy to commit securities fraud before Eastern District Judge John Gleeson, in an insider trading scheme involving his father, brother, and a childhood friend.

During his studies at the Stern School, Mr. Rosenthal took the required course in Professional Responsibility. He also served as a Teaching Fellow for the course. A basic premise of this course is the responsibility that individuals have to act according to the highest ethical principles in the course of their professional lives. Mr. Rosenthal would therefore be expected to understand the implications of his criminal conduct from the course and related discussion, if from nothing else.

University and School policy states that students are expected to behave with honesty and integrity. The NYU Stern MBA Code of Conduct, which Mr. Rosenthal was required to sign, states: "Students are expected in all of their actions to reflect personal honesty, integrity and respect for others." The New York University Code of Ethical Conduct states that "Every member of the University shall, at all times, conduct his or her activities in accordance with the highest professional and community ethical standards." And the New York University Policy on Student Conduct states that "Students are expected to conduct themselves as mature and law-abiding members of both the University community and the general community."



In his admission of guilt in Federal Court, Mr. Rosenthal said the following:

"In or about May, 2005, in a discussion about my work, I agreed to tell my brother Amir Rosenthal the names of two companies that were involved in a confidential acquisition that I was working on. I knew that my brother Amir was an active trader of securities. I consciously turned a blind eye to what would have otherwise been obvious to me; that my brother was going to trade, in violation of United States securities laws on information that I provided to him. I accept that responsibility for my actions..."

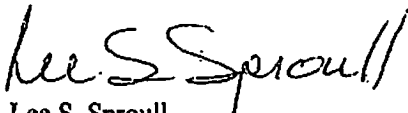
The faculty believes that by pleading guilty to an infraction of federal securities law, Mr. Rosenthal has broken both the Stern Honor Code and the University Code of Ethical Conduct. He is therefore not qualified to receive the degree of Master of Business Administration. University Counsel's opinion supports the faculty's stand in this matter.

At the February 22, 2007 Faculty Meeting, the faculty voted unanimously in favor of the following motion:

"That this faculty votes that the case of Ayal Rosenthal, having pleaded guilty to the intent to commit securities fraud, be remanded to the Stern School's Judiciary Committee and their procedures."

I ask that the Judiciary Committee meet at the earliest opportunity to review the case and provide its recommendations to the Dean of the School.

Sincerely,



Lee S. Sproull  
Vice Dean of Faculty

Encl:  
University Code of Conduct  
NYU Stern Honor Code  
Transcript of Plea Hearing in Eastern District Court of New York

15

MBA Judiciary Case

**Subject:** MBA Judiciary Case

**From:** Gary Fraser <gfraser@stern.nyu.edu>

**Date:** Thu, 01 Mar 2007 10:52:28 -0500

**To:** Lee Sproull <lsproull@stern.nyu.edu>

**CC:** Thomas Cooley <tcooley@stern.nyu.edu>, Kim Corfman <kcorfman@stern.nyu.edu>

Hi Lee,

I wanted to confirm that I received your complaint against Ayal Rosenthal and have alerted and reviewed the case with the MBA Judiciary Committee Chair and Vice Chair. They will pick up the hardcopy of your formal complaint today. Typically the committee will assign an investigator and based on the information provided will conduct an investigation which will determine a hearing. The hearing will involve MBAJC committee members, 3 faculty/administrators and 2 students selected at random. As the complaint issuer you as well as Ayal, will be asked to attend the hearing as well. I and/or the MBAJC will keep you abreast of the case. Best,

Gary

—  
Gary Fraser

*Dean of Students*

*Associate Dean of MBA Student Affairs*

NYU Stern School of Business

Tel: 212-998-0993



16

From: Gary Fraser <gfraser@stern.nyu.edu>  
Subject: Re: NYU Code of Conduct Case  
To: Thomas Grace <thomas.grace@nyu.edu>

Hi Tom,

Thanks so much for the quick response. I am free on Monday in both the morning and the afternoon with the exception of lunch. If there is a time that works for you let me know so we can talk. Thanks again.

Gary

PS You are correct, the situation involves one of the sons mentioned in the article.

Thomas Grace wrote:  
Gary,

I will be traveling and out of the office tomorrow but would be glad to speak on Monday, if that's not too late.

However, I did read the article and have some thoughts.

I am assuming that one of the sons mentioned was the student you are referencing. The University's position (and as stated in the Student's Guide) is that incidents which occur off campus typically will not be subject to University disciplinary action unless the matter somehow substantially affects the maintenance of order at the University or the "position" of the student in the University community. For example, off-campus incidents that we have elected to address through the University disciplinary process have included fights between 2 students, drug dealing, murder (yes, one student was accused of murder a few years ago), sexual assaults and other similar behaviors. In each case, the decision was based on the belief that the behavior was so serious that the presence of that person on campus was deemed to present a potential danger to the University community or there was the potential for the issue to affect life on campus (e.g. a fight or sexual assault involving 2

NYU students)

I'm not sure whether a case of "insider trading" (if that is what this matter is about) that had nothing to do with NYU would be an issue that presents a "danger" to the University community and, thus, would justify our involvement. However, these are always issue-by-issue decisions so a discussion isn't at all out of place. And, since University policy states that it is the office of Legal Counsel (Lee Chamberlin, specifically) that "rules" on all questions of jurisdiction (and not me, thankfully!) , I would urge you to contact Lee.

All in all, I don't believe that we have the grounds to take action against a student simply because we found out that he did something unscrupulous or illegal off-campus unless we can establish a connection to, or direct effect upon, the University.

Can you think of a Stern policy or code of ethics that all Stern students are told that they are expected to follow, either on or off



NYU000011

campus, that may have been violated? Or, was the student involved in an internship or job in which he was placed by Stern when/where he engaged in the illegal behavior?

Can we speak on Monday?

Tom

----- Original Message -----  
From: Gary Fraser <[gfraser@stern.nyu.edu](mailto:gfraser@stern.nyu.edu)>  
Date: Thursday, April 5, 2007 9:12 pm  
Subject: NYU Code of Conduct Case  
To: Thomas Grace <[thomas.grace@nyu.edu](mailto:thomas.grace@nyu.edu)>

Tom,  
I'd like to speak to you about the attached case. It involves a student who finished his MBA in January but our dean, along with our faculty wants his situation reviewed as a code of conduct violation before granting him his degree. Our student led judiciary council would like some assistance in determining if in fact his admittance of what he did classifies as a NYU code of conduct violation. Would you have time to discuss this? The article with all the information is below.

<http://www1.cchwallstreet.com/ws-portal/content/news/container.jsp?fn=02-13-07>

Gary

--

\*/Gary Fraser/\*  
/Dean of Students  
Associate Dean of MBA Student Affairs/  
NYU Stern School of Business  
Tel: 212-998-0993

**Gary Fraser**  
*Dean of Students*  
*Associate Dean of MBA Student Affairs*

**NYU Stern School of Business**  
44 West 4<sup>th</sup> Street, Suite 6-120  
New York, NY 10012  
212-998-0993

NYU000013





Re: [Fwd: Rosenthal Case]

Subject: Re: [Fwd: Rosenthal Case]  
From: Gary Fraser <gfraser@stern.nyu.edu>  
Date: Tue, 17 Apr 2007 08:36:03 -0400  
To: kcorfman@stern.nyu.edu

Hi Kim,

I understand Tom's perspective on this but I don't feel comfortable telling students that they have to decide in a direction where they feel uncomfortable doing so. While I agree that Ayal's situation can damage our reputation with the public, Tom Grace refers to a threat of physical damage because of actions and/or ongoing relationships with any firm directly involved (for example if he did this at Merrill Lynch) that we have ongoing business with. Both of these measures don't unfortunately qualify.

Gary

Kim Corfman wrote:

I just spoke with Tom about this. His view is that this does fall within the domain of behavior outlined by Tom Grace. The student's behavior damages the School's relationship with the public (and has the potential to do even more damage if we grant the degree) because it affects our reputation. We are less credible as an institution that values integrity and ethical behavior in ourselves and our students if we give him his MBA. Please make sure the Committee considers this perspective in deciding whether to take the case.

Thanks,  
Kim

----- Original Message -----

Subject: Rosenthal Case

Date: Thu, 12 Apr 2007 21:29:39 -0400

From: Kim Corfman <kcorfman@stern.nyu.edu>

Reply-To: kcorfman@stern.nyu.edu

Organization: NYU Stern

To: Thomas Cooley <tcooley@stern.nyu.edu>

Hi Tom,

I just got an update on the Judiciary Committee's current thinking about the Rosenthal case. They haven't made a determination yet, but it's likely that they will decide they shouldn't be taking it up.

As I understand it, the reasoning is that the NYU Student's Guide (which includes the NYU Policy on Student Conduct and Rules for the Maintenance of Public Order) says that off campus incidents are only subject to University disciplinary action when there is a direct effect on the University. For example, a student's behavior must significantly affect life on campus or damage the University's relationship with an involved external party, or the behavior must suggest that the student presents a potential danger to the University community. ( Apparently, they were uncomfortable making a judgment and asked Tom Grace, NYU's Director for Judicial Affairs and



Re: [Fwd: Rosenthal Case]

Compliance, for advice,)

Of course they could get another opinion or have second thoughts and change their minds, but I wanted to let you know where they are right now.

Kim

--

Kim P. Corfman  
Vice Dean for MBA Programs  
Professor of Marketing  
Stern School of Business, New York University  
Henry Kaufman Management Center, 11-56  
New York, NY 10012-1126  
212-998-0593, 212-995-4212 (fax)

--

Kim P. Corfman  
Vice Dean for MBA Programs  
Professor of Marketing  
Stern School of Business, New York University  
Henry Kaufman Management Center, 11-56  
New York, NY 10012-1126  
212-998-0593, 212-995-4212 (fax)